

Message Text

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ACTION NEA-13

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E.O. 11652: N/A

TAGS: ECON, GR

SUBJECT: MINISTER OF INDUSTRY KYPREOS COMMENTS ON ECONOMY.

1. DURING AMBASSADOR'S JANUARY 24 MEETING, MINISTER OF INDUSTRY CONSTANTINE KYPREOS PROVIDED FOLLOWING OF INTEREST ON RECENT ECONOMIC DEVELOPMENTS:

2. ENERGY CRISIS

RECENT GREEK PETROLEUM PRICE INCREASES (\$2.08 PER GALLON OF PREMIUM GASOLINE) HAVE REDUCED GASOLINE CONSUMPTION BY 40 PERCENT AND SIMILAR BUT LESSER REDUCTIONS ARE EXPECTED IN ELECTRIC POWER CONSUMPTION. THESE MEASURES SHOULD HELP GREECE TO HOLD ITS IMPORT BILL FOR CRUDE OIL AND PRODUCTS TO ABOUT \$700 MILLION DURING 1974, OR ROUGHLY DOUBLE 1973 FIGURE. USE OF DOMESTIC LIGNITE FOR ENERGY AND FERTILIZER IS NOW HIGHLY COMPETITIVE AND SHOULD BE RAPIDLY EXPANDED. OFFSHORE OIL AND GAS DISCOVERIES NEAR THASSOS, AS RESULT OIL AGREEMENTS INITIATED BY KYPREOS DURING EARLIER SERVICE AS MINISTER OF INDUSTRY, ARE PROMISING.

3. ANDREADIS REFINERY - LAND AT MEGARA HAD BEEN IMPROPERLY
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TRANSFERRED FROM ONASSIS' THIRD REFINERY PROJECT TO ANDREADIS'

PROJECT AND CONSEQUENTLY LAND HAD TO BE RETURNED TO ORIGINAL OWNERS. KYPREOS SAID BOTH HE AND PM ANDROUTSOPOULOS ARE AWARE OF FOREIGN BANKING AND CONSTRUCTION INTERESTS INVOLVED IN ANDREADIS' REFINERY PROJECT, AND GOG AND ANDREADIS ARE NOW CONSIDERING RELOCATING REFINERY NEAR KAVALA ON LAND ALREADY OWNED BY ANDREADIS' FERTILIZER FACTORY.

4. APPROVALS FOR U.S. HOTEL AGREEMENTS

DESPITE CUTBACK IN DOMESTIC FINANCING FOR HOTEL PROJECTS AS PART OF ANTI-INFLATION PROGRAM, KYPREOS FAVORS PROCEEDING WITH GOG APPROVAL FOR HOTEL AGREEMENTS WITH INTERCONTINENTAL AND LOEWS FOR HOTELS ON ATHENS DELTA.

5. SCRAP IRON

MINISTRY OF INDUSTRY IS PREPARING JUSTIFICATION FOR INCREASED SCRAP QUOTA FROM USG TO MEET NEEDS OF NEWLY CONSTRUCTED GREEK ELECTRIC FURNACES.

6. COMMENT: KYPREOS IS THOROUGHLY ENJOYING HIS RETURN TO POWER AND, LIKE ANDROUTSOPOULOS WITH WHOM HE HAS HAD A LONG-STANDING FRIENDSHIP, IS REESTABLISHING POLICIES BOTH FAVORED WHILE SERVING UNDER PAPADOPOULOS UNTIL 1971 AS MINISTERS OF INDUSTRY AND FINANCE, RESPECTIVELY. WHILE KYPREOS HAS SUBSTANTIAL BACKGROUND AND APPEARS UNDERSTAND GREECE'S INDUSTRIAL AND ENERGY NEEDS, MANNER IN WHICH GOG HAS UPSET ANDREADIS' REFINERY PROJECT HAS NOT BEEN REASSURING TO POTENTIAL FOREIGN INVESTORS. TASCA

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